

# the TEUCU connector

January 2009



## ATM Machine at 500 Commissioners!

After 13 years, the old ATM at 500 Commissioners Street has finally been put to pasture. Our new machine is not just another pretty face, our new ATM is an equalable machine. (This means that it is designed to facilitate usage for our members who may be visually or hearing impaired and it is also wheelchair accessible.) Our new ATM is also compliant with current technologies that the old ATM could not handle. The new chip card technology that you have been reading about on our website is compatible with our new machine and the P.I.N. Pad encryption protects our members. Our new machine will not charge credit union members from accessing their TEUCU account. This new ATM also helps TEUCU do its bit in saving our environment as the inside receipt is now electronic rather than paper-based.

Tax-free, high interest savings just got interesting!  
Open your TEUCU TFSA savings account today!  
Call 416-542-2522 for more information.



Have you signed up for your **FREE** E-Statements yet?



**Simple, safe and secure.**  
Free access.

Do your banking 24/7.  
Call 416-542-2522 to activate your online banking.  
It's your TEUCU account at the touch of a button!

Often he who does too much,  
does too little. - Confucius

### **RRSP vs. TFSA vs. Mortgage Pay down**

A lot of people will fit into the category where their tax rates in the accumulation phase are higher because they are in their peak earning years and are paying the highest tax rates of their working life. Presumably, when they are retired they will be paying much lower taxes. Since their contribution tax rate is much higher than the withdrawal tax rate, a RRSP contribution is likely the better option. For the few Canadians who pay a higher rate in their withdrawal years than in their contribution years, a TFSA is probably the superior option. Retirees don't forget that because most of you can't take advantage of RRSPs, the TFSA offers you a viable opportunity for savings.

The RRSP/TFSA versus mortgage pay down is a much harder debate because the right answer depends on so many assumptions made about the future. At first glance, it seems like a no-brainer because investments within a RRSP or TFSA need to earn higher after-tax returns than the low interest rate on mortgages today. However this is easier said than done. Many experts believe we are in an era of low returns for all asset classes (say 5% for stocks and 4% for bonds) that a 5% guaranteed after-tax return can be obtained by paying down the mortgage starts to sound very good. Also, while markets have provided generous returns in the past, the average investor has lagged the market returns badly due to chasing performance and not controlling expenses.

Unfortunately, if you have X amount of dollars, it is hard to say which option would be the most profitable pick. But, picking any of the three options would be a good move because the bottom line is you are saving money. In an era where the national savings rate is close to zero, that's a wise move. If you have any questions regarding TFSA, RRSPs or mortgages please give us a call at 416-542-2522.

We can help you shed light on the issue!

### **Eco - Tip**

Bringing lunch to work in reusable containers is likely the greenest (and healthiest) way to eat at work. Getting delivery and takeout almost inevitably ends with a miniature mountain of packaging waste. But if you do order delivery, join coworkers in placing a large order (more efficient than many separate ones). Also, bring in a reusable plate, utensils, and napkins. If you do go out for lunch, try biking or walking instead of driving.

<http://planetgreen.discovery.com/go-green/green-work/green-work-tips.html>

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